



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

November 14, 2006

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AMENDMENT NO. 3 TO LOAN AGREEMENT WITH CAMINO DE LAS
FLORES, L.P. FOR 25 UNITS OF MULTIFAMILY HOUSING IN UNINCORPORATED
EAST LOS ANGELES (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve Amendment No. 3 To Loan Agreement, presented in substantially final form, between the Community Development Commission and Camino de las Flores, L.P., a California Limited Partnership (the Developer), to increase the original amount of the HOME Investment Partnerships Program (HOME) loan by an amount up to \$250,000, from \$1,479,666 to a maximum of \$1,729,666 in HOME funds, for increased construction costs and permanent financing of the Camino de las Flores Apartments to be located at 1074 South Rowan Avenue and 1063 and 1073 South Eastman Avenue in unincorporated East Los Angeles.
2. Authorize the Executive Director to execute Amendment No. 3 To Loan Agreement, to be effective following approval as to form by County Counsel and execution by all parties; and authorize the Executive Director to execute all necessary documents to subordinate the Commission's loan to permitted predevelopment, construction, and permanent financing, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Executive Director to incorporate up to \$250,000 in HOME funds into the Community Development Commission's Fiscal Year 2006-2007 approved budget, for the purposes described above.

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to amend the Loan Agreement to provide additional funding for increased construction costs and permanent financing of the Camino de las Flores Apartments.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Total development costs are summarized in the Financial Analysis provided as Attachment A.

The Commission's original Loan Agreement provided \$1,479,666 in HOME funds and \$50,000 in Community Development Block Grant (CDBG) funds for development of the project. The loan was subsequently increased to add \$398,000 in CDBG funds for an on-site child care center.

The loan is a 30-year, three percent simple interest loan, evidenced by a Promissory Note and secured by a subordinated Deed of Trust. It will be repaid from residual receipts generated by operation of the property.

Since the start of the project in 2005, construction costs have increased by \$360,000. The funding gap will be bridged by an additional \$110,000 in tax credits and up to \$250,000 in HOME funding from the Commission.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 20, 2004, your Board authorized a 55-year Loan Agreement between the Commission and the Developer, for acquisition, predevelopment, construction and permanent financing of the 25-unit Camino de las Flores Apartments, in the amounts of \$1,479,666 in HOME funds and \$50,000 in Community Development Block Grant Program (CDBG) funds. On June 28, 2005, your Board authorized Amendment No. 1 to the Loan Agreement to provide \$398,000 in CDBG funds for the costs of constructing of a child care center at the project. On December 9, 2005, Amendment No. 2 to the Loan Agreement made revisions to the construction requirements for the project.

The Camino de las Flores Apartments will to be located at 1074 S. Rowan Avenue, and 1063 and 1073 S. Eastman Avenue, in unincorporated East Los Angeles. All rental units will be reserved for qualified households with a mentally disabled adult, with incomes that do not exceed 50 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area, as defined by the U. S. Department of Housing and Urban Development. The Project will also include an on-site manager's unit, and a childcare center for the residents of the neighborhood.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on September 12, 2003. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on November 6, 2003.

On July 20, 2004, your Board approved the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan for acquisition, predevelopment, construction and permanent financing of the 25-unit Camino de las Flores Apartments. On June 28, 2005, your Board approved an Amended Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan to increase the principal amount of the CDBG loan for the construction of a child care center. Approval of the Environmental Assessment/Mitigated Negative Declaration (and the Amended Environmental Assessment), including the Mitigation and Monitoring Plan, and filing a Notice of Determination with the County Clerk will satisfy CEQA requirements.

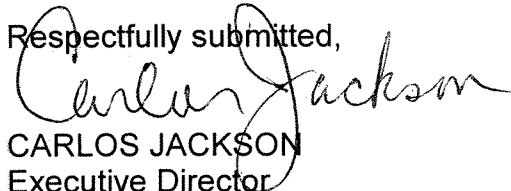
The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office, located at 2 Coral Circle in the City of Monterey Park.

Honorable Board of Commissioners
November 14, 2006
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IMPACT ON CURRENT PROGRAM:

The Amendment No. 3 will increase the loan by an amount necessary to provide additional construction funding for the project, which will increase the supply of affordable special needs housing in the County.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carlos Jackson". The signature is written in dark ink and is positioned over the printed name and title.

CARLOS JACKSON
Executive Director

CJ:

Attachments: 2

Attachment A
HOUSING FINANCIAL ANALYSIS
CAMINO DE LAS FLORES

The following is an analysis of funding for the project:

Development Phase:

	<u>Total</u>	<u>Per Unit Cost</u>
<u>Sources</u>		
Wells Fargo Bank	\$4,510,000	\$180,400
LA County HOME - BMIR	1,729,666	69,187
City of Industry Funds	1,267,430	50,697
LA County CDBG	448,000	17,920
Deferred Costs	563,990	22,560
Deferred Developer Fee	265,410	10,616
General Partner	25,100	1,004
Limited Partner/Tax Credit Equity	1,172,010	46,880
Accrued/Deferred Interest	82,100	3,284
TOTAL	\$10,063,706	\$402,548

Permanent Phase:

Sources

CalHFA	\$155,000	6,200
CalHFA: S+C Premium Tranche	455,000	18,200
Multifamily Housing Program	1,447,000	57,880
LA County HOME	1,729,666	69,187
City of Industry Funds	1,267,430	50,697
LA County CDBG	448,000	17,920
Deferred Developer Fee	265,410	10,616
General Partner	25,100	1,004
Limited Partners/Tax Credit Equity	4,189,000	167,560
Accrued/Deferred Interest	82,100	3,284
TOTAL	\$10,063,706	\$402,548

AMENDMENT TO LOAN AGREEMENT
(HOME PROJECT NO. HE0077)

AMENDMENT NO. 3

THIS AMENDMENT NO. 3 TO LOAN AGREEMENT is made and executed this _____ day of _____, 2006, by the Community Development Commission of the County of Los Angeles, hereinafter called the "Commission", and Camino De Las Flores Limited Partnership, a California limited partnership, hereinafter called the "Borrower". Capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

WITNESSETH THAT:

WHEREAS, the Commission and Borrower previously entered into and executed a Loan Agreement (the "Agreement") on July 20, 2004 for the principal amounts of One Million Four Hundred Seventy Nine Thousand Six Hundred and Sixty Six Dollars (\$1,479,666) (the "HOME Loan") and Fifty Thousand Dollars (\$50,000) (the "CDBG Loan"); and

WHEREAS, the Commission and Borrower subsequently entered into and executed Amendment No. 1 To Loan Agreement on June 28, 2005, increasing the principal amount of the CDBG loan to Four Hundred Forty Eight Thousand Dollars \$448,000; and

WHEREAS, the Commission and Borrower subsequently entered into and executed Amendment No. 2 To Loan Agreement on December 9, 2005, amending Section 9.12 to reflect the "Completion of the Project" to be no later than 18 months following the issuance of grading permits, and amending Section 14 to define that the transfer of limited partnership interests to an affiliate of the Limited Partner did not constitute a default and shall not require the consent of Commission; and

WHEREAS, it is necessary to further amend said Agreement, and both Borrower and Commission are desirous of such amendment;

NOW, THEREFORE, in consideration of the mutual undertakings herein, the Parties agree that this Agreement be amended, as permitted by Section 20 of this Agreement, as follows:

1. Cover Page

"\$1,479,666 (HOME)" shall be replaced with the following:

"\$1,729,666 (HOME)"

2. Transaction Summary

"HOME Loan Amount: \$1,479,666" shall be replaced with the following:

"HOME Loan Amount: \$1,729,666"

3. The first sentence of Recital A shall be replaced with the following:

"A. WHEREAS, Borrower desires to borrow the principal amount of **One Million Seven Hundred Twenty-Nine Thousand Six Hundred Sixty-Six Dollars (\$1,729,666)** (the "**HOME Loan**") from COMMISSION for the purpose of providing financing for the acquisition of the Site (as hereinafter defined), predevelopment financing, construction financing and permanent financing in connection with the Twenty-Four (24) HOME assisted units ("HOME Units") in the housing development ("**Project**") described in the Transaction Summary above, and as more particularly described in this Agreement."

4. All other terms and conditions of this Agreement shall remain the same and in full force and effect.

IN WITNESS WHEREOF, the Parties, through their duly authorized officers, have executed this amendment as of the date first above written.

**COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY
OF LOS ANGELES**

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

BORROWER:

CAMINO DE LAS FLORES LIMITED
PARTNERSHIP,
A California limited partnership

By: EAST LA COMMUNITY CORPORATION,
A California nonprofit public
benefit corporation,
its general partner

By: _____
Name: _____
Title: _____